

OFFICE OF THE ATTORNEY GENERAL



CHARLES A. GRADDICK
ATTORNEY GENERAL
STATE OF ALABAMA

JUN 26 1985

JAMES R. SOLOMON, JR.
DEPUTY ATTORNEY GENERAL

WILLIAM M. BEKURS, JR.
EXECUTIVE ASSISTANT

WALTER S. TURNER
CHIEF ASSISTANT ATTORNEY GENERAL

JANIE NOBLES
ADMINISTRATIVE ASSISTANT

ADMINISTRATIVE BUILDING
64 NORTH UNION STREET
MONTGOMERY, ALABAMA 36130
AREA (205) 834-5150

Dr. Wayne Teague
Superintendent of Education
State Department of Education
Montgomery, Alabama 36130

Boards of Education - Liability
Insurance - Funds

Local Boards of Education may
take joint action to self-
insure their liability
exposure.

Dear Dr. Teague:

In a recent letter addressed to this office you made the following request for an opinion:

"Numerous opinions rendered by your office have established the authority for city and county boards of education to purchase liability insurance for the protection of their members and employees. Under authority granted by those opinions, local boards of education have for the past several years routinely purchased such coverage.

You are no doubt aware of the present condition of the commercial insurance industry and the dwindling number of companies that write certain types of insurance coverage. Specifically with regard to liability lines, only a handful of companies presently offer the coverage at any price, which creates a condition of extreme emergency for public servants whose decisions are always subject to legal challenge.

Dr. Wayne Teague
Superintendent of Education
Page Two

The purpose of this letter is to seek your opinion concerning the question of whether local city and county boards of education and other education entities are authorized to self-insure their liability exposure.

Under authority of Code of Alabama 1975, Section 41-16-21.1, may school boards and other public education entities enter into joint purchasing agreements for the purchase of insurance and insurance related services?

Under authority of Section 41-16-21.1 relating to the structure of joint purchasing agreements, may contracting agencies agree to cooperatively fund a deductible or retention or some portion thereof?

Under authority of Section 41-16-21.1, may local school boards and other public education entities appoint the Alabama Association of School Boards as a joint purchasing agent?"

In my opinion, each of your questions must be answered in the affirmative. There is no legal difference between a board of education purchasing liability insurance and self-insuring their liability exposure. As a practical matter, if local boards of education are not allowed to proceed in the manner outlined in your request letter, it will be difficult, if not impossible, to persuade any sane person to serve on a board of education in the future.

If I may be of any further assistance to you regarding this matter, please do not hesitate to contact me.

Very truly yours,

CHARLES A. GRADDICK
Attorney General
By:



PATRICK L. ROBINSON
Assistant Attorney General